

Message Text

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67

ACTION EUR-12

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00 CIAE-00

DODE-00 PM-03 H-01 INR-05 L-02 NSAE-00 NSC-05 PA-01

RSC-01 PRS-01 SP-02 SS-15 AID-05 COME-00 EB-07 FRB-01

TRSE-00 XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01

STR-01 AGR-05 SWF-01 IO-10 EA-06 /097 W

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O 122316Z DEC 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 5205

C O N F I D E N T I A L OTTAWA 4053

E.O. 11652: GDS

TAGS: EAGR, ETRD, CA

SUBJECT: GOC EXTENDS CATTLE SUPPORT PROGRAM

1. EXTAFB WESTERN HEMISPHERE BUREAU DIRECTOR NUTT CALLED IN ECON COUNSELOR AT 5 P.M. THIS AFTERNOON TO INFORM HIM ORALLY THAT GOC WILL ANNOUNCE TOMORROW AFTERNOON (DECEMBER 13) EXTENSION OF CATTLE SUPPORT PROGRAM FOR ONE YEAR BEYOND AUGUST 1975. NUTT SAID THAT PURPOSE OF EXTENSION IS TO GIVE FARMERS WHO ARE NOW PURCHASING FEEDER CATTLE CONFIDENCE THAT THEY WILL HAVE ADEQUATE MARKET FOR ANIMALS WHEN THEY ARE READY FOR SLAUGHTER. NUTT EMPHASIZED THAT GOC IN TAKING THIS STEP HAD NO DESIRE TO PERPETUATE A DIFFICULT MARKET SITUATION. GOC ACTION SHOULD NOT BE INTERPRETED AS BACKWARD STEP BUT STRICTLY AS A MEANS OF INSURING AGAINST LOSS OF CONFIDENCE IN MARKET.

2. NUTT INDICATED THAT IN BRIEF PROGRAM WOULD BE ON SAME BASIS AS CURRENT PROGRAM, I.E. SUPPORT PRICE
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FOR A, B AND C CATTLE WOULD BE 90 PERCENT OF FIVE-YEAR

AVERAGE ADJUSTED FOR CHANGES IN INPUT COSTS. THERE WILL ALSO BE A "COW/CALF PROGRAM" WHICH WILL ENCOURAGE FARMERS TO TO SLAUGHTER YOUNG CALVES BUT TO BRING TO MARKET SOME HEAVIER ANIMALS IN D CATEGORY. SUPPORT PRICES FOR D'S WILL BE \$23.21 WHICH EQUALS THE FIVE-YEAR AVERAGE FOR D 1, 2, 3 AND 4 AND WILL APPLY FROM NOVEMBER 16 TO SOME TIME LATER IN THE WINTER. COMBINED WITH THESE ANNOUNCEMENTS WILL BE SOME OTHER STEPS INCLUDING MEAT PURCHASES FOR WORLD FOOD PROGRAM.

3. NUTT SAID THAT ANNOUNCEMENT IS SCHEDULED TO BE MADE AT 4 P.M. DECEMBER 13 BUT CONCEIVABLY COULD BE MADE EARLIER IN HOUSE OF COMMONS IF AGRICULTURE MINISTER SHOULD BE QUESTIONED ON HIS INTENTIONS. NUTT STRESSED THAT GOC WOULD BE GREATLY EMBARRASSED IF WORD OF PROGRAM LEAKED OUT BEFORE GOC ANNOUNCEMENT AND URGED THAT USG HOLD INFO CLOSELY. HE SAID AUSTRALIA AND NEW ZEALAND HIGH COMMISSIONS IN OTTAWA WOULD BE RECEIVING SIMILAR ADVANCE NOTICE.

4. IN RESPONSE TO ECON COUNSELOR'S QUESTION WHETHER THIS ACTION HAD ANY IMPLICATIONS FOR IMPORT REGIME, NUTT SAID THERE WOULD BE NO REFERENCE TO IMPORTS IN ANNOUNCEMENT AND GOC INTENDED NO CONNECTION. HE REITERATED THAT EXTENSION OF SUPPORT PROGRAM WAS INTENDED STRICTLY AS CONFIDENCE-BUILDER FOR MARKET. JOHNSON

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